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Cotton Annual - India

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Report Highlights:

India's cotton production in MY (marketing year) 2006/07 is forecast higher at 24.0 million bales (170 kg). India's second highest crop ever, due mainly to expected higher planting. Cotton consumption is forecast to increase to 22.2 million bales on strong demand for textiles and expected low cotton prices. Cotton exports are projected higher at 3.5 million bales, and imports at 500,000 bales, on comfortable domestic supplies.

Includes PSD Changes: No
Includes Trade Matrix: No
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SECTION I: SITUATION AND OUTLOOK

Note: All data in narrative are in 170 kg Indian bales, unless noted otherwise.

Production

Assuming a normal 2006 monsoon, MY 2006/07 production is forecast to rise slightly to 24.0 million bales (including 1.2 million bales of loose cotton) on expected higher planting. If achieved, this will be India's fourth consecutive bumper crop, and just below the record MY 2004/05 crop of 24.3 million bales. Cotton planting is forecast to increase to 9.0 million hectares on strong cotton prices (Table 6) and good yields during the current (MY 2005/06) season (Table 4A). Production of extra long staple (ELS) cotton is forecast to rebound to 200,000 bales on expected higher planting of DCH 32 (the local ELS variety), due to record high prices in the current season.

Bt cotton planting in MY 2006/07 is expected to jump nearly threefold to 4.2 million hectares, thereby accounting for almost half of the expected cotton area (see Section III). Recently, the government of India (GOI) approved 20 new Bt varieties for commercial cultivation. The new approvals include two varieties that include a Bt gene developed by a local university and two varieties with a Bt gene sourced from China. The other varieties have the Bt (Cry1Ac) gene developed by Monsanto that was approved in MY 2002/03.

The cotton textile production in Indian fiscal year (IFY) 2005/06 (Tables 10, 11, and 15) witnessed strong growth that was fueled by abundant cotton supplies and strong domestic and export demand. Production in IFY 2006/07 is forecast to grow by 8 to 10 percent on the expected bumper cotton production and the continued growth in demand.

Consumption

Cotton consumption in MY 2006/07 is likely to benefit from the expected sufficient supplies, continued strong domestic and export demand for textiles, and relatively lower cotton prices vis-à-vis man-made fiber (MMF). Consequently, MY 2006/07 consumption is forecast to rise by 8 percent to 22.2 million bales (mills 18.5 million bales, small spinning units 1.9 million bales, and non-mill 1.8 million bales). Prices are expected to rule steady in MY 2006/07 on large carryover stocks and expected near-record production. However, international cotton price movements could temper domestic prices.

Cotton's share in the textile industry's total fiber use (Table 16) rose over the last two years on comfortable domestic supplies (three consecutive bumper crops) and a favorable relative price of cotton vis-à-vis MMF (Table 17). Cotton's share in total fiber use is expected to grow further to 59 percent in MY 2006/07, as prices move in favor of cotton vis-à-vis MMF (affected by high petroleum prices).

Trade

India emerged as a significant exporter of cotton in MY 2005/06. With large carryover stocks and expected higher production, cotton exports in MY 2006/07 are forecast to increase to 3.5 million tons, assuming the current parity of local cotton prices vis-à-vis international prices holds. MY 2006/07 imports are forecast at 500,000 bales, consisting largely of ELS and longer staple specialty cotton. However, the relative price movements of local cotton vis-à-vis world cotton during the upcoming season may temper these forecast trade volumes.

Post raised MY 2005/06 exports to 3.2 million bales and lowered imports to 500,000 bales, based on the latest official trade statistics (Tables 7 to 9) and information from trade sources.

In addition to the large carryover stocks and near record production, firm international prices during most of MY 2005/06 helped export prospects.

Based on official data for the first six months of the fiscal year, cotton textile exports for IFY 2005/06 are estimated to increase by about 14 percent over the IFY 2004/05 level of \$3.4 billion (Tables 19 to 23). Exports of readymade garments (mostly cotton-based) are expected to grow 34 percent over the IFY 2004/05 exports of \$6.2 billion (Table 20). India's competitiveness in the post-Multi Fiber Agreement (MFA) quota system will likely fuel double-digit growth in cotton textile exports, which should allow it to capture an increasing share of the global textile trade over the next few years.

Competition/Marketing

India will be in the export market for the next 2-5 years, until domestic consumption catches up with the recent production surge. Most exports will be of medium-to-long staple cotton (25 to 32 mm length) to neighboring countries, China, and various Far East destinations. Traditionally, Indian cotton used to be discounted by five to six percent vis-à-vis comparable international cotton because of lower quality (higher trash, lower consistency, etc). But in the last two years buyers of Indian cotton have expressed satisfaction with the quality, and now offer competitive prices.

India will continue to import mostly ELS and quality long staple cotton (28-34 mm), with occasional imports of medium staple cotton when international prices are favorable. The United States has emerged as the leading supplier of cotton to India over the past few years. Indian mills that import US Pima and upland cotton are appreciative of its quality and consistency, and this impression has been cemented through trade servicing missions by the Cotton Council International and SUPIMA. However, US cotton prices will have to remain competitive to offset the freight advantage and shorter delivery periods enjoyed by neighboring suppliers like Egypt, West Africa, the Commonwealth of Independent States (CIS), and Australia.

SECTION II: STATISTICAL TABLES

Table 1: Commodity, Cotton (Metric tons), PSD

| | | | | | | | |
|------------------------|------------------|---------------------------|------------------|---------------------------|------------------|---------------------------|--------------|
| PSD Table | | | | | | | |
| Country: | India | | | | | | |
| Commodity: | Cotton | (HECTARES) (METRIC TONS) | | | | | |
| | | 2004 | | 2005 | | 2006 | UOM |
| | USDA Official | Post Estimate (New) | USDA Official | Post Estimate (New) | USDA Official | Post Estimate (New) | |
| Market Year Begin | | 8/2004 | | 8/2005 | | 8/2006 | (MONTH/YEAR) |
| Area Planted | 8920000 | 8920000 | 8850000 | 8826000 | 0 | 9010000 | (HECTARES) |
| Area Harvested | 8920000 | 8920000 | 8850000 | 8826000 | 0 | 9010000 | (HECTARES) |
| Beginning Stocks | 911403 | 911403 | 1847628 | 1908304 | 1934718 | 1940200 | METRIC TONS |
| Production | 4136805 | 4136805 | 3984396 | 3984396 | 0 | 4080000 | METRIC TONS |
| Imports | 174181 | 226100 | 152409 | 85000 | 0 | 85000 | METRIC TONS |
| TOTAL SUPPLY | 5222389 | 5274308 | 5984433 | 5977700 | 1934718 | 6105200 | METRIC TONS |
| Exports | 152409 | 143650 | 457226 | 544000 | 0 | 595000 | METRIC TONS |
| USE Dom. Consumption | 2988430 | 2988430 | 3320488 | 3221500 | 0 | 3468000 | METRIC TONS |
| Loss Dom. Consumption | 233922 | 233924 | 272001 | 272000 | 0 | 306000 | METRIC TONS |
| TOTAL Dom. Consumption | 3222352 | 3222354 | 3592489 | 3493500 | 0 | 3774000 | METRIC TONS |
| Ending Stocks | 1847628 | 1908304 | 1934718 | 1940200 | 0 | 1736200 | METRIC TONS |
| TOTAL DISTRIBUTION | 5222389 | 5274308 | 5984433 | 5977700 | 1934718 | 6105200 | METRIC TONS |

Note: Production figures for MY 2004, 2005, and 2006 include 1.2 million bales (170 kg) of loose cotton.

Table 2: Commodity, Cotton (480 lb bales), PSD

| | | | | | | | |
|------------------------|------------------|---------------------------|------------------|---------------------------|------------------|---------------------------|-------------------|
| PSD Table | | | | | | | |
| Country: | India | | | | Conversion | 0.00459 2917 | |
| Commodity: | Cotton | | | | | | |
| | | 2004 | | 2005 | | 2006 | UOM |
| | USDA Official | Post Estimate (New) | USDA Official | Post Estimate (New) | USDA Official | Post Estimate (New) | |
| Market Year Begin | | 8/2004 | | 8/2005 | | 8/2006 | (MONTH/YEAR) |
| Area Planted | 8920000 | 8920000 | 8850000 | 8826000 | 0 | 9010000 | (HECTARES) |
| Area Harvested | 8920000 | 8920000 | 8850000 | 8826000 | 0 | 9010000 | (HECTARES) |
| Beginning Stocks | 4186 | 4186 | 8486 | 8765 | 8886 | 8911 | 1,000 480lb bales |
| Production | 19000 | 19000 | 18300 | 18300 | 0 | 18739 | 1,000 480lb bales |
| Imports | 800 | 1038 | 700 | 390 | 0 | 390 | 1,000 480lb bales |
| TOTAL SUPPLY | 23986 | 24224 | 27486 | 27455 | 8886 | 28041 | 1,000 480lb bales |
| Exports | 700 | 660 | 2100 | 2499 | 0 | 2733 | 1,000 480lb bales |
| USE Dom. Consumption | 13726 | 13726 | 15251 | 14796 | 0 | 15928 | 1,000 480lb bales |
| Loss Dom. Consumption | 1074 | 1074 | 1249 | 1249 | 0 | 1405 | 1,000 480lb bales |
| TOTAL Dom. Consumption | 14800 | 14800 | 16500 | 16045 | 0 | 17334 | 1,000 480lb bales |
| Ending Stocks | 8486 | 8765 | 8886 | 8911 | 0 | 7974 | 1,000 480lb bales |
| TOTAL DISTRIBUTION | 23986 | 24224 | 27486 | 27455 | 8886 | 28041 | 1,000 480lb bales |

Note: Production figures for MY 2004, 2005, and 2006 include 1.2 million bales (170 kg) of loose cotton.

Table 3: Commodity, ELS Cotton (1-3/8" or 35mm staple length)

| Units : Metric Tons | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | (Final) | (Final) | (Final) | (Final) | (Revised) | (Forecast) |
| Beginning Stocks | 12114 | 9564 | 2764 | 1064 | 14664 | 7864 |
| Production | 53550 | 30600 | 28900 | 34000 | 30600 | 34000 |
| Imports | 25500 | 42500 | 37400 | 59500 | 51000 | 54400 |
| Total Supply | 91164 | 82664 | 69064 | 94564 | 96264 | 96264 |
| Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Domestic Consumption | 81600 | 79900 | 68000 | 79900 | 88400 | 93500 |
| Ending Stocks | 9564 | 2764 | 1064 | 14664 | 7864 | 2764 |
| Total Distribution | 91164 | 82664 | 69064 | 94564 | 96264 | 96264 |
| | | | | | | |
| Units : Thousand 480 lbs bales | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| | (Final) | (Final) | (Final) | (Final) | (Revised) | (Forecast) |
| Beginning Stocks | 55641 | 43928 | 12696 | 4888 | 67353 | 36120 |
| Production | 245955 | 140546 | 132738 | 156162 | 140546 | 156162 |
| Imports | 117122 | 195203 | 171778 | 273284 | 234243 | 249859 |
| Total Supply | 418717 | 379677 | 317212 | 434333 | 442141 | 442141 |
| Exports | 0 | 0 | 0 | 0 | 0 | 0 |
| Domestic Consumption | 374789 | 366981 | 312324 | 366981 | 406021 | 429446 |
| Ending Stocks | 43928 | 12696 | 4888 | 67353 | 36120 | 12696 |
| Total Distribution | 418717 | 379677 | 317212 | 434333 | 442141 | 442141 |

Source:

1. MY 2001/02 and 2002/03 production figures as reported by the East India Cotton Association (EICA).
2. Other estimates derived based on information from trade sources.

Table 4A: Area, Production & Yield of Cotton in Major States

(Area 000 ha; Production 000 bales of 170 kgs, Yield kgs/ha)

| | | | | | | | Final | Revised | Projected |
|----------------|------------|---------------|---------|---------|---------|---------|---------|---------|-----------|
| STATE | | 1999/ 2000 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| Maharashtra | Area | 3254 | 3077 | 2980 | 2800 | 2766 | 2980 | 2890 | 2750 |
| | Production | 3650 | 2050 | 3425 | 2600 | 3100 | 5200 | 3600 | 3800 |
| | Yield | 191 | 113 | 195 | 158 | 191 | 297 | 212 | 235 |
| Gujarat | Area | 1516 | 1615 | 1687 | 1634 | 1647 | 1906 | 2080 | 2100 |
| | Production | 2850 | 2400 | 3250 | 3050 | 5000 | 7300 | 8500 | 8200 |
| | Yield | 320 | 253 | 328 | 317 | 516 | 651 | 695 | 664 |
| Madhya Pradesh | Area | 525 | 506 | 623 | 545 | 591 | 576 | 635 | 630 |
| | Production | 1550 | 1750 | 2000 | 1800 | 1965 | 1600 | 1800 | 1700 |
| | Yield | 502 | 588 | 546 | 561 | 565 | 472 | 482 | 459 |
| Punjab | Area | 475 | 474 | 600 | 449 | 452 | 509 | 580 | 600 |
| | Production | 800 | 900 | 925 | 750 | 1035 | 1650 | 2000 | 2000 |
| | Yield | 286 | 323 | 262 | 284 | 389 | 551 | 586 | 567 |
| Haryana | Area | 546 | 555 | 610 | 519 | 526 | 621 | 597 | 620 |
| | Production | 1050 | 1000 | 550 | 875 | 1150 | 1550 | 1250 | 1400 |
| | Yield | 327 | 306 | 153 | 287 | 372 | 424 | 356 | 384 |
| Rajasthan | Area | 583 | 510 | 347 | 386 | 344 | 438 | 454 | 500 |
| | Production | 1300 | 1050 | 700 | 500 | 915 | 1100 | 950 | 1200 |
| | Yield | 379 | 350 | 343 | 220 | 452 | 427 | 356 | 408 |
| Andhra Pradesh | Area | 1040 | 1022 | 1002 | 803 | 837 | 1174 | 975 | 1050 |
| | Production | 2200 | 2500 | 2675 | 1975 | 2740 | 3250 | 3000 | 3100 |
| | Yield | 360 | 416 | 454 | 418 | 557 | 471 | 523 | 502 |
| Karnataka | Area | 600 | 560 | 591 | 393 | 313 | 512 | 365 | 500 |
| | Production | 800 | 800 | 700 | 500 | 420 | 800 | 600 | 750 |
| | Yield | 227 | 243 | 201 | 216 | 228 | 266 | 279 | 255 |
| Tamil Nadu | Area | 185 | 193 | 200 | 85 | 103 | 142 | 150 | 160 |
| | Production | 550 | 550 | 500 | 300 | 375 | 550 | 500 | 550 |
| | Yield | 505 | 484 | 425 | 600 | 619 | 658 | 567 | 584 |
| Others | Area | 67 | 64 | 90 | 53 | 51 | 62 | 100 | 100 |
| | Production | 150 | 100 | 75 | 100 | 100 | 100 | 100 | 100 |
| | Yield | 381 | 266 | 142 | 321 | 333 | 274 | 170 | 170 |
| All-India | Area | 8791 | 8576 | 8730 | 7667 | 7630 | 8920 | 8826 | 9010 |
| | Production | 14900 | 13100 | 14800 | 12450 | 16800 | 23100 | 22300 | 22800 |
| | Yield | 288 | 260 | 288 | 276 | 374 | 440 | 430 | 430 |

Note: Production figures for MY 1999/2000 to MY 2006/07 in the PS&D include loose cotton estimates.

Table 4B: Planting Season, Irrigation & Cotton Type by Major Region

| REGION | STATES | COTTON GROWN | PLANTING SEASON & IRRIGATION STATUS |
|---------------------|---------------------------------------|--------------------------|--|
| North | Punjab, Haryana, Rajasthan | Medium & Short Staple | End April-May/ Largely Irrigated |
| Central | Gujarat, Maharashtra, Madhya Pradesh | Medium & Long Staple | Mid June-July (after onset of monsoon)/Largely rainfed |
| South ^{/1} | Andhra Pradesh, Karnataka, Tamil Nadu | Long & Extra Long Staple | August-September/Largely rainfed |

Note:

/1: There is also a small summer cotton crop planted in January-February in Tamil Nadu.

Table 5A: Cotton Consumption by Organized Sector Mills by Months
(100,000 bales of 170 kg each)

| Month\Year | 2003/04 | 2004/05 | 2005/06 |
|--------------|---------|---------|--------------|
| Aug | 11.31 | 12.86 | 15.73 |
| Sept | 11.07 | 12.49 | 13.70 |
| Oct | 10.92 | 12.97 | 13.96 |
| Nov | 11.90 | 12.49 | 11.90 |
| Dec | 12.97 | 13.83 | 13.75 |
| Jan | 12.95 | 13.16 | 13.69 |
| Feb | 12.44 | 12.77 | |
| Mar | 13.04 | 13.75 | |
| Apr | 12.52 | 13.60 | |
| May | 12.75 | 14.05 | |
| Jun | 12.61 | 13.89 | |
| Jul | 12.94 | 14.04 | |
| TOTAL | 147.42 | 159.90 | 82.73 |

Note: Figures in bold are provisional estimates.

Source: The Textile Commissioner's Office, Government of India (GOI).

Table 5B: Cotton Consumption by Unorganized Sector* by Months
 (100,000 bales of 170 kg each)

| Month\Year | 2003/04 | 2004/05 | 2005/06 |
|------------|---------|---------|-------------|
| | | | |
| Aug | 1.06 | 1.18 | 1.56 |
| Sept | 1.06 | 1.19 | 1.49 |
| Oct | 0.95 | 1.23 | 1.47 |
| Nov | 1.00 | 1.23 | 1.00 |
| Dec | 1.07 | 1.36 | 1.42 |
| Jan | 1.03 | 1.30 | 1.45 |
| Feb | 1.05 | 1.26 | |
| Mar | 1.10 | 1.42 | |
| Apr | 1.08 | 1.38 | |
| May | 1.08 | 1.40 | |
| Jun | 1.10 | 1.38 | |
| Jul | 1.16 | 1.56 | |
| TOTAL | 13.50 | 15.89 | 8.39 |

Note: Figure in bold are provisional estimates.

* - Small scale spinning units

Source: The Textile Commissioner's Office, GOI.

Table 6: Month-End Prices of Popular Varieties
(Rupees per ton)

| Year | Bengal | S.G.J. | H-4 | Shankar-6 | MCU-5 | DCH-32 |
|----------------|--------|--------|-------|-----------|-------|--------|
| | Deshi | F-34 | M.P. | Gujarat | A.P. | South |
| 2004/05 | | | | | | |
| Aug | 48930 | 60180 | 61870 | 65520 | 71430 | 85790 |
| Sept | 41340 | 48930 | 53990 | 55680 | 64680 | 84360 |
| Oct | 40770 | 43590 | 48930 | 49770 | 59050 | 81550 |
| Nov | 37120 | 38520 | 43870 | 46680 | 54840 | 80430 |
| Dec | 35430 | 39930 | 43590 | 46120 | 54270 | 80700 |
| Jan | 34870 | 39370 | 42180 | 44710 | 54550 | 80140 |
| Feb | 33460 | 39930 | 41340 | 45270 | 53990 | 84360 |
| Mar | 34030 | 41340 | 43870 | 46960 | 56800 | 88580 |
| Apr | 35710 | 41900 | 44150 | 46120 | 57370 | 88580 |
| May | 37120 | 43310 | 44150 | 46400 | 57930 | 88580 |
| June | 35990 | 44150 | 44430 | 47240 | 57930 | 91390 |
| July | 36560 | 44150 | 44710 | 47810 | 57090 | 89990 |
| Avg Price | 37611 | 43775 | 46423 | 49023 | 58328 | 85371 |
| 2005/06 | | | | | | |
| Aug | 35150 | 43030 | 43870 | 46680 | 56240 | 89430 |
| Sep | 35150 | 41620 | 44430 | 50620 | 53990 | 88580 |
| Oct | 36840 | 41900 | 46400 | 48650 | 53990 | 88580 |
| Nov | 40490 | 42740 | 47520 | 48930 | 57930 | 109670 |
| Dec | 39370 | 44150 | 47810 | 50620 | 63270 | 126540 |
| Jan | 37400 | 42460 | 47520 | 51180 | 62990 | 122330 |
| Feb | 36560 | 42740 | 46680 | 51180 | 62990 | 112490 |
| Mar | 35430 | 42460 | 46960 | 51180 | 61860 | 116700 |
| Apr | 39090 | 46400 | 47800 | 51740 | 61860 | 118100 |
| May 4 | 38810 | 46120 | 46960 | 51180 | 61860 | 118100 |
| Avg Price | 37429 | 43362 | 46595 | 50196 | 59698 | 109052 |

Source: East India Cotton Association (EICA), Mumbai.

Table 7: India's Monthly Import of Raw Cotton
(Figures in 100,000 bales of 170 kg each)

| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
|-----------|---------|---------|---------|---------|---------|
| August | 4.01 | 1.38 | 1.94 | 0.46 | 0.33 |
| September | 3.93 | 1.24 | 2.77 | 1.42 | 0.43 |
| October | 3.64 | 1.83 | 1.64 | 2.36 | 0.27 |
| November | 3.26 | 1.28 | 0.73 | 1.53 | 0.41 |
| December | 3.46 | 0.86 | 0.57 | 0.62 | 0.98 |
| January | 2.53 | 0.86 | 0.49 | 0.79 | 0.29 |
| February | 2.6 | 1.03 | 0.46 | 1.04 | |
| March | 1.15 | 1.04 | 0.28 | 0.96 | |
| April | 1.38 | 0.84 | 0.19 | 2.4 | |
| May | 0.93 | 1.31 | 0.33 | 0.75 | |
| June | 1.67 | 1.72 | 0.27 | 0.53 | |
| July | 2.02 | 2.19 | 0.37 | 0.44 | |
| Total | 30.58 | 15.58 | 10.04 | 13.3 | 2.71 |

Note: Import figures compiled from the end-user cotton textile mills.

Source: The Textile Commissioner's Office, GOI.

Table 8: Commodity, Cotton Import Trade Matrix

| | | | | | |
|---------------------|-------------|--------------|-------------|--------------|-------------|
| Import Trade Matrix | | | | | |
| Country: | India | Units: | Metric Tons | | |
| Commodity: | Cotton | | | | |
| Time period: | Aug-Jul | | | | (Aug-Dec) |
| Imports for | 2003 | | 2004 | | 2005 |
| U.S. | 62,397 | U.S. | 52,210 | U.S. | 6,165 |
| Others | | Others | | Others | |
| Egypt A Rep | 17,711 | Egypt A Rep | 36,086 | Egypt A Rep | 6,966 |
| Mali | 14,280 | Tanzania | 27,250 | Bangladesh | 5,467 |
| Greece | 10,275 | Brazil | 10,234 | Sudan | 4,296 |
| Sudan | 8,297 | Mali | 9,969 | Turkmenistan | 4,003 |
| Benin | 6,749 | Turkmenistan | 9,002 | Tanzania | 2,394 |
| Ivory Coast | 6,001 | Benin | 8,807 | Israel | 1,841 |
| Tanzania | 5,993 | Uzbekistan | 7,093 | Brazil | 1,816 |
| Cameroon | 5,036 | Burkina Faso | 6,791 | Indonesia | 1,093 |
| Turkmenistan | 3,689 | Sudan | 5,555 | Ivory Coast | 1,054 |
| Uzbekistan | 3,356 | Cameroon | 5,470 | Uzbekistan | 845 |
| Total for Others | 81,387 | | 126,257 | | 29,775 |
| Others not listed | 26,896 | | 47,633 | | 5,200 |
| Grand Total | 170,680 | | 226,100 | | 41,140 |

Note: MY 2005 data are August to December 2005.

Source: 1. Directorate General of Commercial Intelligence & Statistics (DGCIS), GOI.
 2. The Textile Commissioners Office, GOI.

Table 9: Commodity, Cotton*, Export Trade Matrix

| | | | | | |
|---------------------|-------------|----------------|-------------|----------------|-------------|
| Export Trade Matrix | | | | | |
| Country: | India | Units: | Metric Tons | | |
| Commodity: | Cotton | | | | |
| | | | | | |
| | | | | | |
| Time period: | Aug-Jul | | | | (Aug-Dec) |
| Exports for | 2003 | | 2004 | | 2005 |
| U.S. | 1082 | U.S. | 60 | U.S. | 14 |
| Others | | Others | | Others | |
| Pakistan | 46,112 | China Rep | 61,092 | China Rep. | 116,163 |
| China Rep | 34,624 | Chinese Taipei | 19,992 | Pakistan | 21,245 |
| Bangladesh | 34,116 | Bangladesh | 15,149 | Bangladesh | 13,472 |
| Chinese Taipei | 25,147 | Thailand | 13,384 | Hongkong | 10,227 |
| Indonesia | 16,354 | Pakistan | 12,444 | Indonesia | 9,255 |
| Thailand | 12,233 | Indonesia | 7,263 | Chinese Taipei | 8,753 |
| Mauritius | 10,213 | Vietnam | 3,694 | Vietnam | 7,953 |
| Vietnam | 3,254 | Japan | 3,328 | Thailand | 5,834 |
| Italy | 3,126 | Mauritius | 2,041 | Turkey | 2,374 |
| Japan | 2,959 | Nepal | 1,890 | Nepal | 1,572 |
| Total for Others | 188,138 | | 140,277 | | 196,848 |
| Others not listed | 13,233 | | 5,468 | | 4,309 |
| Grand Total | 202,453 | | 145,805 | | 201,171 |

Notes: MY 2004 data are August to December 2005.

* Includes non-spinnable cotton & cotton waste not included in the PS&D.

Source: 1. Directorate General of Commercial Intelligence & Statistics (DGCIS), GOI.

2. The Textile Commissioners Office, GOI.

Table 10: Growth of the Indian Textile Industry

| Item Year* | 1991/92 | 1995/96 | 2000/01 | 2003/04 | 2004/05 | 2005/06 (P) |
|---------------------------------------|---------|---------|---------|---------|---------|--------------|
| Organised Mills @ | | | | | | |
| Spinning | 846 | 1294 | 1565 | 1564 | 1566 | 1570 |
| Composite | 271 | 275 | 281 | 223 | 210 | 223 |
| Exclusive Weaving | na | 172 | 203 | 206 | 204 | 202 |
| Small Scale Spinning Units | na | 750 | 996 | 1135 | 1173 | 1161 |
| Power Loom Units ('000s) | na | 326 | 374 | 413 | 426 | 430 |
| Spindles (millions)@ | 27.82 | 31.75 | 37.91 | 37.03 | 37.46 | 37.51 |
| Rotors ('000s)@ | 113 | 226 | 454 | 482 | 500 | 520 |
| Looms ('000s)@ | 169 | 148 | 140 | 105 | 103 | 92 |
| Power Loom ('000s) @ | na | 1365 | 1662 | 1837 | 1903 | 1934 |
| Hand Loom ('000s) @ | na | 3891 | 3891 | 3891 | | NA |
| Spun Yarn Prod (mil kg) | | | | | | |
| Cotton Yarn | 1450 | 1894 | 2267 | 2121 | 2272 | 2480 |
| Other Spun Yarn | 356 | 591 | 893 | 931 | 951 | 925 |
| Man-made Filament Yarn | na | 493 | 920 | 1118 | 1109 | 1180 |
| Man-made Fiber (mil kg) | 342.1 | 498.4 | 904.3 | 953.3 | 1022.6 | 964.0 |
| Fabric Production (mil sq m) | | | | | | |
| Cotton | 14647 | 18900 | 19718 | 18040 | 20655 | 23950 |
| Blended | 2712 | 4025 | 6351 | 6068 | 6032 | 6190 |
| 100% non-cotton (inc Khadi/wool/silk) | 5229 | 9033 | 14187 | 18275 | 18691 | 19450 |

Notes: * - Refers to Indian fiscal Year April-March.

@ - As at end of the Indian fiscal year (31st March).

NA – not available.

P – provisional estimate.

Source: The Textile Commissioner's Office, GOI.

Table 11: Production of Spun Yarn
(Fiber-wise, million kg).

| Year/1 | COTTON | BLENDED | 100% NON-COTTON | TOTAL |
|-----------------|--------|---------|-----------------|-------|
| | | | | |
| 1995 | 1894 | 395 | 196 | 2485 |
| 1996 | 2148 | 484 | 162 | 2794 |
| 1997 | 2213 | 583 | 177 | 2973 |
| 1998 | 2022 | 595 | 191 | 2808 |
| 1999 | 2204 | 621 | 221 | 3046 |
| 2000 | 2267 | 646 | 247 | 3160 |
| 2001 | 2212 | 609 | 280 | 3101 |
| 2002 | 2177 | 585 | 319 | 3081 |
| 2003 | 2121 | 589 | 342 | 3052 |
| 2004 | 2272 | 585 | 366 | 3223 |
| 2005 (P) | 2480 | 575 | 350 | 3405 |

Notes:/1: Year 2005 refers to Indian fiscal year 2005/06 (April-March)
(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI.

Table 12: Count Groupwise Cotton, Blended and Non-Cotton Spun Yarn
(Fiber-wise, million kg.)

| Item | 2000 | 2001 | 2002 | 2003 | 2004 | 2005(P) |
|-----------------------|------|------|------|------|------|---------|
| I. Cotton Yarn | | | | | | |
| 1-10s Count | 521 | 524 | 459 | 435 | 482 | 544 |
| 11-20s | 469 | 439 | 445 | 403 | 435 | 468 |
| 21-30's | 479 | 456 | 476 | 493 | 509 | 568 |
| 31-40's | 561 | 548 | 533 | 522 | 546 | 554 |
| 41-60's | 146 | 147 | 161 | 161 | 175 | 190 |
| 61-80's | 52 | 61 | 61 | 64 | 80 | 96 |
| 80's & above | 39 | 37 | 42 | 43 | 45 | 60 |
| Total | 2267 | 2212 | 2177 | 2121 | 2272 | 2480 |
| II. Blended | | | | | | |
| Cotton/Viscose | 25 | 24 | 16 | 13 | 12 | 16 |
| Cotton/Polyester | 177 | 167 | 150 | 162 | 168 | 160 |
| Cotton with Others | 16 | 12 | 13 | 14 | 21 | 26 |
| Polyester/Viscose | 367 | 355 | 359 | 358 | 335 | 318 |
| Polyester with Others | 44 | 38 | 38 | 36 | 42 | 47 |
| Others | 17 | 13 | 9 | 7 | 7 | 8 |
| Total | 646 | 609 | 585 | 589 | 585 | 575 |
| III. 100% Non-Cotton | | | | | | |
| Viscose | 62 | 52 | 74 | 76 | 82 | 74 |
| Polyester | 113 | 156 | 174 | 191 | 206 | 192 |
| Acrylic | 65 | 63 | 60 | 64 | 59 | 62 |
| Others | 7 | 9 | 11 | 11 | 19 | 22 |
| Total | 247 | 280 | 319 | 342 | 366 | 350 |

Note: /1: Year 2005 refers to Indian fiscal year 2005/06 (April-March)

(P): Provisional estimate.

Source: The Textile Commissioner's Office, GOI.

Table 13: Production of Manmade Fiber
(million kg.)

| Year/1 | Viscose | Acrylic | Polyester | Poly-Propylene | TOTAL |
|----------|---------|---------|-----------|----------------|--------|
| 1995 | 194 | 74 | 228 | 1.9 | 498.4 |
| 1996 | 179 | 83 | 325 | 1.9 | 588.2 |
| 1997 | 188 | 79 | 439 | 2.0 | 708.4 |
| 1998 | 178 | 79 | 523 | 1.9 | 781.7 |
| 1999 | 202 | 79 | 551 | 2.1 | 835.0 |
| 2000 | 236 | 99 | 566 | 2.3 | 904.3 |
| 2001 | 185 | 95 | 551 | 2.4 | 833.9 |
| 2002 | 225 | 105 | 582 | 2.5 | 914.5 |
| 2003 | 221 | 117 | 613 | 2.7 | 953.3 |
| 2004 | 248 | 128 | 644 | 2.9 | 1022.6 |
| 2005 (P) | 229 | 109 | 623 | 3.0 | 964.0 |

Notes: /1: Year 2005 refers to Indian fiscal year 2005/06 (April-March)
(P): Provisional estimate

Source: The Textile Commissioner's Office, GOI

Table 14: Production of Manmade Filament Yarn
(million kg.)

| Year/1 | VISCOSE | POLYESTER | NYLON | POLY- PROPLENE | TOTAL |
|----------|---------|-----------|-------|-------------------|-------|
| 1995 | 61 | 376 | 42 | 15 | 494 |
| 1996 | 57 | 493 | 38 | 13 | 601 |
| 1997 | 57 | 668 | 30 | 14 | 769 |
| 1998 | 61 | 745 | 29 | 15 | 850 |
| 1999 | 49 | 801 | 26 | 17 | 893 |
| 2000 | 55 | 820 | 26 | 19 | 920 |
| 2001 | 48 | 866 | 28 | 20 | 962 |
| 2002 | 51 | 995 | 30 | 24 | 1100 |
| 2003 | 53 | 1013 | 31 | 21 | 1118 |
| 2004 | 54 | 1004 | 35 | 16 | 1109 |
| 2005 (P) | 55 | 1075 | 36 | 14 | 1180 |

Notes:/1: Year 2005 refers to Indian fiscal year 2005/06 (April – March)
(P): Provisional estimate

Source: The Textile Commissioner's Office, GOI

Table 15: Production of Fabric
(Fiber-wise, Square meters)

| Year/1 | COTTON | BLENDED | KHADI/ WOOL/ SILK | 100% NON- COTTON | TOTAL |
|----------|--------|---------|-------------------------|---------------------|-------|
| 1995 | 18900 | 4025 | 498 | 8535 | 31958 |
| 1996 | 19841 | 4888 | 540 | 9569 | 34838 |
| 1997 | 19992 | 5751 | 545 | 11153 | 37441 |
| 1998 | 17948 | 5700 | 559 | 11895 | 36102 |
| 1999 | 18989 | 5913 | 575 | 13725 | 39202 |
| 2000 | 19718 | 6351 | 581 | 13606 | 40256 |
| 2001 | 19769 | 6287 | 644 | 15334 | 42034 |
| 2002 | 19300 | 5876 | 662 | 16135 | 41973 |
| 2003 | 18040 | 6068 | 662 | 17613 | 42383 |
| 2004 | 20655 | 6032 | 693 | 17998 | 45378 |
| 2005 (P) | 23950 | 6190 | 695 | 18755 | 49590 |

Notes: /1: Year 2005 refers to Indian fiscal year 2005/06 (April-March)
(P): Provisional estimate

Source: The Textile Commissioner's Office, GOI

Table 16: Consumption of Major Fibers/Yarns by the Textile Industry
(million kgs.)

| Year/1 | Cotton | Cotton | Man-made Fibre | Man-made Filament | Total Yarn |
|-----------------|--------|---------|----------------|-------------------|------------|
| | Qty | % Share | Qty | Qty | Qty/2 |
| 1995 | 2295 | 66.6 | 557 | 488 | 3446 |
| 1996 | 2566 | 65.6 | 646 | 581 | 3913 |
| 1997 | 2719 | 62.8 | 770 | 722 | 4337 |
| 1998 | 2485 | 58.9 | 783 | 821 | 4221 |
| 1999 | 2652 | 58.6 | 840 | 899 | 4528 |
| 2000 | 2721 | 58.8 | 889 | 878 | 4630 |
| 2001 | 2701 | 57.7 | 863 | 970 | 4682 |
| 2002 | 2699 | 55.6 | 915 | 1089 | 4853 |
| 2003 | 2652 | 54.2 | 940 | 1146 | 4890 |
| 2004 | 2886 | 56.0 | 978 | 1137 | 5155 |
| 2004 (P) | 3130 | 58.1 | 920 | 1180 | 5385 |

Notes: /1: Year 2005 refers to Indian fiscal year 2005/06 (April–March)

/2: Total Yarn includes small quantity of other natural yarns like silk, wool etc.

(P): Provisional estimate

Source: The Textile Commissioner's Office, GOI

Table 17: Prices of Raw Cotton and Other Fibers
(rupees/kg)

| Period | Raw Cotton Fibre | Viscose Staple Fibre | Polyester Staple Fibre | Acrylic Staple Fibre |
|------------|------------------|----------------------|------------------------|----------------------|
| | (wtd avg) | (avg) | (avg) | (avg) |
| March 1989 | 21.94 | 33.43 | 83.28 | 68.00 |
| March 1990 | 18.15 | 38.63 | 70.40 | 75.50 |
| March 1991 | 26.71 | 44.29 | 75.31 | 76.77 |
| March 1992 | 33.61 | 51.72 | 80.13 | 97.67 |
| March 1993 | 27.69 | 58.32 | 79.73 | 106.72 |
| March 1994 | 49.50 | 59.56 | 78.50 | 104.67 |
| March 1995 | 60.58 | 76.53 | 104.55 | 106.00 |
| March 1996 | 45.71 | 83.20 | 89.05 | 85.50 |
| March 1997 | 46.07 | 79.80 | 67.56 | 84.63 |
| March 1998 | 56.10 | 80.09 | 51.30 | 88.50 |
| March 1999 | 49.03 | 78.58 | 47.95 | 67.75 |
| March 2000 | 47.75 | 78.14 | 63.34 | 80.25 |
| March 2001 | 51.25 | 86.43 | 57.43 | 88.57 |
| March 2002 | 38.12 | 80.51 | 51.51 | 84.95 |
| March 2003 | 53.82 | 84.66 | 69.25 | 89.98 |
| March 2004 | 58.10 | 87.62 | 76.22 | 95.00 |
| March 2005 | 42.38 | 91.89 | 78.95 | 106.75 |
| March 2006 | 45.14 | 90.73 | 74.35 | 88.25 |

Note: Prices are average of weekly prices for the month.

Source: The Textile Commissioner's Office, GOI.

Table 18: Per Capita Availability of Cloth in India
(meters)

| Year/1 | Cotton | Blended/ Mixed | 100% Non- Cotton | Total |
|----------|--------|-------------------|---------------------|-------|
| 1980 | 12.8 | 2.2 | 2.3 | 17.3 |
| 1990 | 15.1 | 3.0 | 6.1 | 24.1 |
| 1995 | 16.3 | 3.5 | 8.2 | 28.0 |
| 1996 | 16.2 | 4.0 | 9.1 | 29.3 |
| 1997 | 15.9 | 4.6 | 10.4 | 30.9 |
| 1998 | 13.1 | 4.1 | 11.0 | 28.2 |
| 1999 | 14.2 | 4.5 | 11.9 | 30.6 |
| 2000 | 14.2 | 4.5 | 12.0 | 30.7 |
| 2001 | 14.8 | 4.7 | 12.5 | 32.0 |
| 2002 | 14.4 | 4.4 | 12.6 | 31.4 |
| 2003 | 13.4 | 4.5 | 13.1 | 31.0 |
| 2004 | 14.1 | 4.1 | 15.3 | 33.5 |
| 2005 (P) | - | - | - | 34.5 |

Notes: /1: Year 2005 refers to Indian fiscal year 2005/06 (April-March)
(P): Provisional estimate; fabric-wise breakup is not available.

Source: The Textile Commissioner's Office, GOI.

Table 19: India's Exports of Textile Items
(million US\$)

| Item | 2001 | 2002 | 2003 | 2004 | 2005 * | 2004 * |
|---|--------|--------|--------|--------|--------|---------|
| Cotton Textiles (Yarn/Fabric/Madeups) | 2,885 | 3,210 | 3,504 | 3,397 | 2,785 | 2,453.1 |
| Man-made Textiles (Yarn/Fabric/Madeups) | 1,027 | 1,334 | 1,609 | 1,675 | 1,388 | 1,419.2 |
| Wool Textiles (Yarn/Fabric/Madeups) | 49 | 50 | 58 | 68 | 62 | 50.3 |
| Silk Textiles (Yarn/Fabric/Madeups) | 261 | 294 | 358 | 377 | 317 | 293.3 |
| Other Textiles (Yarn/Fabric/Made-up) | 428 | 442 | 563 | 677 | na | na |
| Ready-made Garments (Cotton/MMF/Silk/Wools/etc) | 5,025 | 5,753 | 6,260 | 6,214 | 5,889 | 4,394.0 |
| Handicrafts (including carpets) | 1,063 | 1,321 | 1,088 | 942 | 911 | 738.7 |
| Coir and Coir Products | 62 | 74 | 78 | 102 | 100 | 75.3 |
| Jute Products (Yarn, Hessain, etc) | 129 | 188 | 243 | 271 | 223 | 198.4 |
| Total | 10,929 | 12,665 | 13,761 | 13,721 | 11,675 | 9,622.2 |

Notes:

Year 2004 refers to Indian fiscal year (IFY) 2004/05 (April/March).

2005* refers to the period of April-December 2005, i.e., first 9 months of IFY 2005/06

2004* refers to the period of April-December 2004, i.e., first 9 months of IFY 2004/05

Source: 1. DGCIS, GOI

2. The Textile Commissioner's Office, GOI.

Table 20: Exports of Ready-made Garments from India
(million US\$)

| Item | 2001 | 2002 | 2003 | 2004 | 2005* | 2004* |
|----------|------|------|------|------|-------|-------|
| Cotton | 3678 | 4456 | 4752 | 4707 | 4392 | 3289 |
| Man-made | 784 | 742 | 795 | 735 | 742 | 533 |
| Silk | 152 | 138 | 124 | 132 | 177 | 128 |
| Wool | 238 | 219 | 286 | 344 | 296 | 277 |
| Others | 173 | 199 | 303 | 297 | 282 | 167 |
| TOTAL | 5025 | 5753 | 6260 | 6214 | 5889 | 4394 |

Notes:

Year 2004 refers to Indian fiscal year (IFY) 2004/05 (April/March).

2005* refers to the period of April-December 2005, i.e., first 9 months of IFY 2005/06

2004* refers to the period of April-December 2004, i.e., first 9 months of IFY 2004/05

Source: 1. DGCIS, GOI.

2. The Textile Commissioner's Office, GOI.

Table 21: Commodity, Export Trade Matrix, Cotton Yarn
(metric tons)

| Country | 2001 | 2002 | 2003 | 2004 | 2005* | 2004* |
|--------------------|---------|---------|---------|---------|---------|---------|
| USA | 3,543 | 3,890 | 2,320 | 1,700 | 3,140 | 670 |
| Others | | | | | | |
| E.U. | | | | | 32,610 | 25,700 |
| Korea Rp | 49,622 | 75,293 | 77,148 | 57,050 | 31,240 | 26,580 |
| Bangladesh | 48,876 | 43,423 | 38,747 | 55,790 | 24,760 | 25,720 |
| Egypt A Rp | 12,116 | 15,419 | 16,816 | 20,310 | 12,860 | 10,580 |
| China P Rp | 23,716 | 25,374 | 25,251 | 21,710 | 12,640 | 12,070 |
| Hong Kong | 45,304 | 39,599 | 41,310 | 29,940 | 11,180 | 16,680 |
| Italy | 15,196 | 20,430 | 19,009 | 16,990 | 10,340 | 6,960 |
| Israel | 11,066 | 14,400 | 12,475 | 10,440 | 7,600 | 5,100 |
| Mauritius | 28,188 | 27,434 | 24,771 | 21,530 | 7,330 | 10,030 |
| Turkey | 3,385 | 7,338 | 16,488 | 9,360 | 6,810 | 4,930 |
| Sri Lanka | 12,028 | 12,486 | 10,680 | 9,260 | 5,750 | 4,070 |
| Chinese Taipei | 14,324 | 24,497 | 14,961 | 14,200 | 5,580 | 6,800 |
| Portugal | 6,207 | 9,373 | 7,303 | 8,050 | 5,410 | 3,820 |
| Japan | 16,660 | 19,832 | 15,616 | 12,370 | 4,890 | 6,120 |
| Malaysia | 10,484 | 12,655 | 8,231 | 7,530 | 4,460 | 4,480 |
| German F Rep | 8,110 | 8,386 | 7,775 | 6,610 | 3,650 | 2,800 |
| Canada | 10,097 | 8,735 | 9,874 | 7,750 | 3,490 | 4,040 |
| Spain | 7,171 | 8,607 | 6,681 | 6,450 | 3,100 | 3,010 |
| U.A.E. | 6,478 | 8,780 | 8,286 | 6,910 | 2,850 | 3,260 |
| Bahrain Is. | 6,645 | 5,594 | 5,613 | 4,900 | 2,310 | 2,160 |
| Belgium | 5,330 | 9,363 | 3,920 | 5,080 | 1,880 | 2,160 |
| Korea Dp Rp | 22,874 | | 8,158 | 0 | 0 | 0 |
| Others | 100,966 | 119,210 | 95,309 | 84,890 | 12,070 | 16,910 |
| Total | 433,535 | 505,161 | 459,051 | 408,840 | 211,760 | 200,330 |
| | | | | | | |
| Value (in Mn US\$) | | 1,206 | 1,271 | 1,145 | 566 | 585 |
| Unit value (\$/kg) | | 2.39 | 2.77 | 2.80 | 2.67 | 2.92 |

Notes:

Year 2004 refers to Indian fiscal year 2004/05 (April-March).

2005* refers to the period April-Sept, 2005, i.e., first 6 months of IFY 2005/06.

2004* refers to the period April-Sept, 2004, i.e., first 6 months of IFY 2004/05.

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 22: Export Trade Matrix, Cotton Fabrics
(metric tons)

| Country | 2001 | 2002 | 2003 | 2004 | 2005* | 2004* |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| USA | 30,451 | 35,750 | 67,720 | 53,820 | 25,660 | 31,060 |
| Others | | | | | | |
| E.U. | | | | | 53,950 | 63,520 |
| UAE | 10,716 | 11,470 | 37,630 | 46,690 | 25,560 | 28,110 |
| Bangladesh | 12,651 | 22,710 | 56,290 | 49,010 | 19,570 | 27,710 |
| Sri Lanka | 8,466 | 11,650 | 39,880 | 34,940 | 16,030 | 17,280 |
| Italy | 19,539 | 14,870 | 29,390 | 24,610 | 10,930 | 13,140 |
| UK | 19,561 | 16,880 | 31,640 | 23,020 | 9,090 | 13,320 |
| Turkey | 6,434 | 5,300 | 14,630 | 16,720 | 8,030 | 9,540 |
| Benin | 5,081 | 5,940 | 26,570 | 18,130 | 7,960 | 11,310 |
| Togo | 4,853 | 7,150 | 25,520 | 18,420 | 7,830 | 7,160 |
| German F. Rp | 7,049 | 7,650 | 21,730 | 15,270 | 7,040 | 8,700 |
| Niger | 4,958 | 14,240 | 59,050 | 42,220 | 6,710 | 24,840 |
| Belgium | 6,856 | 5,770 | 13,930 | 10,780 | 6,380 | 5,710 |
| Nepal | 1,133 | 2,016 | 16,715 | 14,490 | 5,750 | 8,090 |
| Spain | 6,881 | 7,900 | 14,200 | 12,320 | 4,960 | 6,590 |
| Hong Kong | 4,839 | 4,910 | 7,870 | 7,660 | 4,120 | 3,670 |
| France | 4,050 | 3,590 | 9,950 | 7,290 | 3,540 | 4,160 |
| South Africa | 5,054 | 3,530 | 7,380 | 3,620 | 2,400 | 2,540 |
| China P Rp | 5,361 | 2,180 | 6,960 | 4,920 | 1,740 | 2,190 |
| Nigeria | 7,727 | 6,090 | 33,180 | 14,110 | 0 | 0 |
| Ivory Coast | 4,153 | 3,240 | 13,370 | 0 | 0 | 0 |
| Others | 84,581 | 91,384 | 265,825 | 226,060 | 62,450 | 63,120 |
| Total | 260,393 | 284,220 | 799,430 | 644,100 | 289,700 | 351,760 |
| | | | | | | |
| Value (in Mn. US\$) | | 1,074 | 1,013 | 928 | 415 | 491 |
| Unit value (\$/kg) | | 3.78 | 1.27 | 1.44 | 1.43 | 1.40 |

Notes:

Year 2004 refers to Indian fiscal year 2004/05 (April-March).

2005* refers to the period April-Sept, 2005, i.e., first 6 months of IFY 2005/06.

2004* refers to the period April-Sept, 2004, i.e., first 6 months of IFY 2004/05.

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 23: Export Trade Matrix, Cotton Madeups
(metric tons)

| Country | 2001 | 2002 | 2003 | 2004 | 2005* | 2004* |
|---------------------|---------|---------|---------|---------|---------|---------|
| USA | 82,760 | 145,070 | 257,820 | 229,570 | 157,390 | 116,970 |
| Others | | | | | | |
| E.U. | | | | | 138,190 | 130,420 |
| UK | 25,570 | 23,210 | 59,290 | 53,460 | 29,390 | 27,290 |
| German F Rp | 17,600 | 19,270 | 48,970 | 52,580 | 28,130 | 25,600 |
| France | 12,220 | 12,710 | 28,960 | 33,120 | 20,010 | 16,520 |
| Italy | 8,670 | 8,540 | 24,020 | 30,810 | 19,350 | 15,380 |
| Netherlands | 5,200 | 5,420 | 15,450 | 15,700 | 12,640 | 7,410 |
| Spain | 6,480 | 9,400 | 19,200 | 17,350 | 11,730 | 7,120 |
| UAE | 9,400 | 7,500 | 18,970 | 19,810 | 10,160 | 10,550 |
| South Africa | 2,440 | 2,880 | 14,600 | 15,710 | 9,710 | 7,400 |
| Japan | 12,400 | 12,670 | 24,090 | 19,280 | 9,670 | 8,660 |
| Canada | 5,880 | 7,540 | 79,560 | 16,880 | 8,580 | 7,600 |
| Sweden | 5,880 | 6,930 | 17,000 | 15,860 | 8,380 | 8,190 |
| Australia | 5,230 | 6,130 | 15,900 | 17,260 | 7,990 | 9,160 |
| Belgium | 4,900 | 3,870 | 11,160 | 13,170 | 7,650 | 5,760 |
| Denmark | 400 | 3,540 | 9,470 | 8,130 | 4,920 | 4,460 |
| Portugal | 1,460 | 1,480 | 3,320 | 3,150 | 2,370 | 1,770 |
| Israel | 2,540 | 2,390 | 3,450 | 3,140 | 1,370 | 1,460 |
| Korea Rp | 1,520 | 1,490 | 2,130 | 1,630 | 1,060 | 850 |
| Others | 44,570 | 43,760 | 107,250 | 103,390 | | |
| Total | 255,120 | 323,800 | 760,610 | 670,000 | 393,000 | 333,160 |
| | | | | | | |
| Value (in Mn. US\$) | | 1,207 | 1,563 | 1,721 | 1,002 | 854 |
| Unit value (\$/kg) | | 3.73 | 2.05 | 2.57 | 2.55 | 2.56 |

Notes:

Year 2004 refers to Indian fiscal year 2004/05 (April-March).

2005* refers to the period April-Sept, 2005, i.e., first 6 months of IFY 2005/06.

2004* refers to the period April-Sept, 2004, i.e., first 6 months of IFY 2004/05.

Source: 1. DGCIS, GOI.

2. The Cotton Textile Export Promotion Council, GOI

Table 24: Existing Import Policy & Tariffs/Duties for Cotton/Cotton Textiles

| Commodity Code | Description of Comm. | Policy/1 | Basic Duty Rate/2 | CVD Rate/3 | Special CVD /4 | Education Cess /5 | Total Duty /6 |
|----------------|---|----------|-------------------|------------|----------------|-------------------|---------------|
| HC 52.01 | Cotton-not carded or combed | OGL | 10 | 0 | 4 | 2 | 14.668 |
| HC 52.02 | Cotton Waste | OGL | 15 | 0 | 4 | 2 | 19.992 |
| HC 52.03 | Cotton-carded or combed | OGL | 30 | 0 | 4 | 2 | 35.904 |
| HC 52.04 | Cotton Sewing Thread | OGL | 12.5 | /3 | 4 | 2 | /6 |
| HC 52.05 | Cotton Yarn (85% or more cotton) | OGL | 12.5 | /3 | 4 | 2 | /6 |
| HC 52.06 | Cotton Yarn (less than 85% cotton) | OGL | 12.5 | /3 | 4 | 2 | /6 |
| HC 52.07 | Cotton Yarn for Retail Sale | OGL | 12.5 | /3 | 4 | 2 | /6 |
| HC 52.08 | Cotton Fabric (85% or more cotton)weighing <200gm/sq.m | OGL | Mostly 12.5 /7 | /3 | 0 | /5 | /6 |
| HC 52.09 | Cotton Fabric (85% or more cotton)weighing >200gm/sq.m | OGL | Mostly 12.5 /8 | /3 | 0 | /5 | /6 |
| HC 52.10 | Cotton Fabric(less than 85% cotton)weighing <200gm/sq.m | OGL | Mostly 12.5 /9 | /3 | 0 | /5 | /6 |
| HC 52.11 | Cotton Fabric(less than 85% cotton)weighing >200gm/sq.m | OGL | Mostly 12.5 /10 | /3 | 0 | /5 | /6 |
| HC 52.12 | Other Cotton Fabric | OGL | Mostly 12.5 /11 | /3 | 0 | /5 | /6 |

Notes:

/1 : OGL(Open General License)- No restrictions on imports.

/2 : Most goods of the under Chapter 52 get a tariff concession up to 50 percent of the effective basic duty on imports from less developed countries (LDC) members of SAPTA - Bangladesh, Nepal, Bhutan and Maldives.

/3 : CVD (Countervailing Duty) = local excise taxes + Central Cess applied on CIF value of goods plus Basic Duty.

Local excise tax rate = 4.08 % for items not containing synthetic fiber

8.16 % for items containing synthetic fiber

Central Cess under Textile Com Act, 1963 = 0.05%

/4: Special CVD = 4 percent applied on CIF Value of Good plus Basic Duty plus CVD. However, cotton fabrics are exempted from Special CVD.

/5 : Education Cess = 2 percent of the Basic duty + CVD.

However, education cess exempted in case of items under the HS codes 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, 5208.53, 5208.59, 5209.41, 5209.42, 5209.49, 5209.51, 5209.52, 5209.59, 5210.41, 5210.42, 5210.49, 5210.51, 5210.52, 5210.59, 5211.41, 5211.42, 5211.59, 5212.15, 5212.24, 5212.25.

/6: Total Applicable Duty computation

A: CIF Value of Good

B: Basic Duty = Basic Duty Rate * CIF Value

C : CV Duty = CVD Rate * (A+B)

where CVD Rate = Excise Tax Rate + Central Cess

D : Spl CVD = Spl CVD Rate * (A+B+C)

E: Education Cess: 2% of B+C+D

Total Applicable Duty = B+C+D+E

/7: Basic Duty on 5208.39 is 12.5% or rs. 150/kg

on 5208.41 is 12.5% or* rs. 9/sq meter

on 5208.42 is 12.5% or* rs. 37/sq meter

on 5208.49 is 12.5% or* rs. 200/kg

on 5208.51 is 12.5% or* rs. 27/sqmeter

on 5208.52 is 12.5% or rs. 23/sqmeter

on 5208.53 is 12.5% or* rs. 35/sqmeter

on 5208.59 is 12.5% or* rs. 50/sqmeter

/8 : Basic Duty on 5209.31-39 is 12.5% or rs. 150/kg

on 5209.41 is 12.5% or* rs. 32/sqmeter

on 5209.43 is 12.5% or* rs. 30/sqmeter

on 5209.49 is 12.5% or* rs. 150/kg

on 5209.51-52 is 12.5% or* rs. 30/sqmeter

on 5209.59 is 12.5% or* rs. 38/sqmeter

/9 : Basic Duty on 5210.39 is 12.5% or* rs. 150/kg

on 5210.49 is 12.5% or* rs. 132/kg

on 5210.51-59 is 12.5% or* rs. 15/sqmeter

/10: Basic Duty on 5211.31-39 is 12.5% or* rs. 150/kg

on 5211.41 is 12.5% or* rs. 44/sqmeter

on 5211.42 is 12.5% or* rs. 18 per sqmeter

on 5211.43 is 12.5% or* rs. 40/sqmeter

on 5211.49 is 12.5% or* rs. 150/kg

on 5211.51-59 is 12.5% or* rs. 18/sqmeter

/11: Basic Duty on 5212.15 and 5212.25 is 12.5% or* rs. 165/kg

on 5212.24 is 12.5% or* rs. 20/sqmeter

* - Whichever is higher.

SECTION III: NARRATIVE ON SUPPLY, DEMAND, POLICY AND MARKETING**Production**

Cotton, a predominantly monsoon-season crop, is planted from the end of April through September, and is harvested in the fall and winter (Table 4B). Planting intentions are largely influenced by its relative price vis-à-vis competing crops (paddy, guar, and fodder crops in the north; coarse grains, pulses, and sugarcane in the central region; and paddy, tobacco, and chilies in the south).

Strong cotton prices in MY 2005/06, coupled with good yields in most growing states, helped cotton farmers realize higher net returns than those growing major competing crops. Except in Maharashtra, cotton planting is expected to expand in the cotton growing states (Table 4A), assuming normal weather at the time of planting. Maharashtra is the only state where the cotton area is likely to decline, on account of crop damage from late rains in some pockets and the dilution of the Maharashtra Monopoly Procurement Scheme (see IN6003). Consequently, the MY 2006/07 cotton area is forecast to increase by 2.3 percent to 9.0 million hectares.

The latest market arrivals¹ support Post's MY 2005/06 production estimate of 23.5 million bales. Based on the latest official figures, cotton area is revised marginally lower to 8.8 million hectares. Overall favorable growing conditions, low incidence of pests and diseases, increased usage of new higher-yielding varieties (including Bt), and improved crop management practices have resulted in a near record yield of 430 kilograms/hectare.

Cotton textile production in IFY 2005/06 (April-March) increased by 9 - 12 percent over the 2004/05 level (Tables 10, 11, 16), due to relatively low cotton prices, strong domestic and export demand, and declining competition from MMF. Reports indicate that all textile sectors (yarn, weaving, and finished products) are earning better profits, and most of the industry players are investing heavily in modern equipment and expansion of capacity.

ELS Cotton

ELS cotton production in MY 2005/06 declined to 180,000 bales (Table 3), as more and more ELS farmers are shifting to varieties such as Bunny and Brahma. Only a few domestic varieties (DCH-32, TCH-213, and Suvin), grown mostly in southern India, meet ELS specifications. The fiber quality and yields of these varieties have deteriorated in recent years, however, causing marketing problems and lower returns for growers. Thus, farmers are shifting to long staple (30-34 mm) varieties like Bunny and Brahma, which have higher yields and fewer quality problems. Efforts to improve the productivity of ELS parent lines have met with limited success. ELS cotton is used for the production of quality yarn, fabric, and dress material, all for export, and for a small but growing high-end domestic market segment.

Despite high ELS prices, MY 2005/06 consumption is estimated to increase to 520,000 bales, as most mills covered their cotton requirement through imports in MY 2004/05, when prices were lower. Due to the relatively high prices of US Pima and Egyptian cotton, MY 2005/06 imports are estimated lower at 300,000 bales (vs. 350,000 bales last year).

¹ Combined India market arrivals, through April 29, 2006, are estimated at 21.7 million bales, vis-à-vis 22.5 million bales for the comparable period last year.

Status of *Bt cotton*

Farmers are very happy with the performance of the *Bt cotton* varieties, despite the relatively high prices of the *Bt* seed (\$36-41 per packet of 600 grams) vis-à-vis conventional seeds (\$3.30-10.00 per packet). Recently, the leading *Bt* seed suppliers lowered prices by \$8-9 per packet for the upcoming season, which should further increase *Bt cotton* planted area in the upcoming season. MY 2006/07 *Bt cotton* area is expected to grow about three-fold over last year's to 4.2 million hectares, making up nearly 47 percent of the total forecast cotton area.

Progress of *Bt cotton* in India (Area in thousand hectares)

| | MY 2002/03 | MY 2003/04 | MY 2004/05 | MY 2005/06 | MY 2006/07 (Forecast) |
|-------------------------------------|---------------|---------------|---------------|---------------|-----------------------------|
| Area under GOI approved varieties | 28 | 90 | 520 | 1320 | 2200 |
| Area under GOI unapproved varieties | 30 | 120 | 600 | 1200 | 2000 |
| Total Area | 58 | 210 | 1120 | 1520 | 4200 |

Source: Industry sources

Since the first approval of *Bt cotton* in MY 2002/03, the GOI had approved a total of 18 *Bt* varieties for commercial cultivation in different agro-climatic regions till the last crop season (MY 2005/06). The GOI recently approved 20 new *Bt cotton* hybrids for India's northern and central regions.

***Bt* Hybrids Released for Commercial Cultivation in India**

| Region/State | Varieties Approved for MY 2004/05 & earlier | Varieties Approved in MY 2005/06 | New varieties approved for MY 2006/07 | Total Approved Varieties for MY 2006/07 |
|---|---|---|---|--|
| Northern Region (Punjab, Haryana, Rajasthan) | None | RCH 134, RCH 138, MRC 6301, MRC 6304, Ankur 651, Ankur 2534 | MRC 6026, MRC 6029, NCS 913, NCS 138, RCH 308, RCH 318, JKCH 1947**, NCEH 6** | 14 |
| Central Region (Gujarat, Maharashtra, Madhya Pradesh) | Mech 12, Mech 162, Mech 184, RCH 2 | RCH 138, RCH 144, RCH 118, Ankur 9, Ankur 681, MRC 6301 | GK 205, ACH 33-1, ACH 155-1, Tulasi 4, VICH 5, VICH 9, VCC 111, Brahma, RCH 377, PRCH 102, JK Varun 555**, NCEH 2R*** | 22 |
| Southern Region (Andhra Pradesh, Karnataka, Tamil Nadu) | RCH 2, Mech 162*, Mech 184*, Mech 12* | RCH 20, RCH 368, MRC 6322, MRC 6918 | None | 7 (Karnataka/Tamil Nadu) 5 (Andhra Pradesh) |

Note:

* The GOI denied approval for cultivation of Mech 12 in all southern states, and Mech 162 and Mech 184 in Andhra Pradesh beginning in MY year 2005/06.

** *Bt* variety from a *Bt* gene version developed by a local university.

*** *Bt* variety from a *Bt* gene sourced from China.

In addition to the approved varieties, there are over fifty unapproved (and therefore less expensive) *Bt cotton* varieties, illegally bred and marketed by farmers and seed companies.

Production Policy

The GOI establishes minimum support prices (MSP) for cotton at the beginning of every marketing season. Typically, market prices remain well above the MSP. In MY 2004/05, the Cotton Council of India (CCI) and state marketing federations had to undertake significant MSP buying as market prices crashed. MSP operations in MY 2005/06 were quite limited, as market prices ruled steady on strong export demand. Futures trading in cotton, launched by the East India Cotton Association in 1998, have not gained enough volume to affect the market.

There are several government agencies and research institutions in addition to the CCI that are engaged in cotton development, seed distribution, crop surveillance, integrated pest management, and extension activities for cotton. The GOI's Cotton Technology Mission also supports activities aimed at improving cotton yields, reducing cultivation costs, and improving quality through modernization of existing facilities.

The GOI's statutory hank yarn policy requires that 50 percent of a mill's output of yarn meant for the domestic market be produced in the form of hank yarn for use by the handloom industry. Export oriented units (EOUs) are exempt from this obligation. The GOI also subsidizes the sale of handloom products. The Technology Upgradation Fund, launched in 1999, provides an interest subsidy on loans intended to modernize the textile industry.

Consumption

Based on the latest official figures available for the period August 2005 through January 2006 (Table 5A and 5B), MY 2005/06 consumption is estimated lower at 20.6 million bales (mills 17.2 million bales, small scale spinning units 1.75 million bales, and non-mill 1.6 million bales). Despite sufficient domestic supplies, cotton prices during MY 2005/06 were relatively higher than last year's on strong international cotton prices (Table 6).

Market sources report that mills are increasingly shifting their cotton/polyester blends to cotton. Future growth in cotton usage is likely to be determined by the relative prices of cotton vis-à-vis MMFs. Polyester and poly-blends are popular in India due to their durability and maintenance under tropical conditions.

The domestic demand for textiles is expected to grow by seven to eight percent on strong growth in both the economy² and population³. The export demand for Indian textiles has shown double-digit growth under the post-MFA regime (January 2005 onwards); this will likely continue at least over the next few years (Table 19). The Indian textile industry includes both an "organized" sector (large-scale spinning units and composite mills) and an "unorganized" sector (small-scale spinning units, power looms, handlooms, hosiery units). More than 95 percent of the yarn is produced in the organized sector. The weaving industry is mainly supplied by the unorganized sector, with the power looms accounting for 60 percent, handlooms for 18 percent, and hosiery units for 17 percent, of total cloth production. The organized sector weaving mills account for the remaining 5 percent of the cloth production.

² Various sources estimate that India's economy will grow between 7.5 to 8.0 percent in IFY 2006/07.

³ Based on the last official survey (2001), India's population growth is estimated at 1.8 percent per year.

Trade

Comfortable domestic supplies and relatively firm international cotton prices have helped to quadruple cotton export prospects in MY 2005/06, currently estimated at 3.2 million bales vs. 0.8 million bales last year. Market sources report that up through the end of April, nearly 3.5 million bales have been contracted for export (delivery by August/September), of which 2.4 million bales have already been shipped. The major export destinations have been China (55-65 percent), Bangladesh (10 percent), and other neighboring and Far Eastern countries. Indian cotton was reportedly 2-3 cents per pound cheaper than comparable cotton from other origins in the international market.

MY 2005/06 imports are estimated lower at 500,000 bales, compared to 1.3 million bales during the previous year, due to comfortable domestic supplies and the relatively high prices of foreign cotton. Most imports were limited to ELS and quality long staple cotton, mostly from the United States, Egypt, and the CIS. Abnormally high prices of ELS cotton in the international market further constrained imports.

Sufficient domestic supplies, relatively low cotton prices for domestic mills vis-à-vis competing textile producers, and the stability of the Indian rupee vis-à-vis the U.S. dollar supported increased cotton textile exports in IFY 2005/06. Cotton garments, Made-ups, and yarn saw a strong growth, although fabric exports were down.

Indian textile exports are typically targeted at the lower end of the international market. A few modern integrated textile units have recently shifted their focus to exports of finer count yarns, fabric, and branded garments for the upper segment of the world market. Bullishness about India's export competitiveness following the abolition of the MFA quota system resulted in the leading textile groups making significant investments in modern equipment and in further integration.

Trade Policy

In the 2006 Indian budget, the GOI lowered the peak tariff levels on most non-agricultural products, including cotton textile products, from 15 percent to 12.5 percent. A special countervailing duty of 4 percent was levied on imports of cotton and cotton yarn (including sewing thread). The basic import duty on raw cotton remained unchanged at 10 percent (See Table 24).

Currently, the GOI does not provide any direct subsidies to exports of raw cotton. With the expiration of the MFA in January 2005, Indian exports of all textile products have been liberalized. In an effort to promote the export of value-added cotton textiles, the GOI provides various incentives. Export oriented units (EOUs) and firms importing against an advance license get a duty drawback (zero duty for EOUs, and a duty discounts for others) on imports of raw materials for the export of value-added goods. Under the "Export Promotion Capital Goods" plan, imports of capital goods and machinery are allowed at reduced duty rates against export obligations (zero duty for a 100 percent EOU). No direct subsidies are provided for the export of cotton textiles.

Marketing

India has a traditional cotton marketing system: farmers bring their handpicked, raw seed cotton to the market, where it is sold via open auction and bought by traders and ginnerers. The seed cotton is ginned, pressed, and baled in ginning mills, and the baled cotton is supplied to mills directly by the traders/ginnerers. In addition to private trade, government

entities, such as the CCI and state marketing federations, also operate in the market on a commercial basis, in addition to undertaking price support operation when required. Most Indian mills import their cotton through Mumbai-based cotton traders/brokers.